



# KERALA GAZETTE

## കേരള ഗസറ്റ്

PUBLISHED BY AUTHORITY

ആധികാരികമായി പ്രസിദ്ധപ്പെടുത്തുന്നത്

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### COCHIN STOCK EXCHANGE LIMITED

(36/1565, M.E.S. Building, Kaloor, Kochi-682 017)

#### NOTIFICATION

No. 3118/10/D1/K. Dis.

28th May 2010.

By order of the Board of Directors of Cochin Stock Exchange Limited at its meeting held on 16-12-2009, the bye-laws of the Exchange have been amended in order to incorporate the Code of Ethics for Functionaries and Directors as laid down by SEBI and as approved by the Board. Accordingly, bye-law 271 has been freshly incorporated, which reads as below:

271. **“Code of Ethics for Functionaries and Directors of the Cochin Stock Exchange Ltd.**

(BASED ON THE MODEL LAID DOWN BY THE SECURITIES AND EXCHANGE BOARD OF INDIA)

#### 1. Objective and Basic Principles

The Code of Ethics for Directors and Functionaries of the Exchange seeks to define the business/professional ethics to be followed by the Functionaries, for establishing a fair and transparent stock market. The Code of Ethics is based on the following fundamental principles:

(a) Fairness and transparency in dealing with matters relating to the Exchange and the investors.

(b) Compliance with all laws/rules/regulations laid down by regulatory agencies/Exchange.

(c) Exercising due diligence in the performance of duties.

(d) Avoidance of conflict between self interests of directors/functionaries and interest of Exchange and investors.

#### 2. Definitions

(a) *Functionaries*:—Functionaries of the Exchange to whom this Code shall be applicable shall be decided by the Exchange, but shall include all officials of the rank of General Manager and above.

(b) *Family*:—Family members will include dependent spouse, dependent children and dependent parents.

(c) *Securities*:—Securities, for the purpose of this Code shall not include Mutual Fund units and Government Securities and such other securities as may be specified by SEBI from time to time.

#### 3. Ethics Committee

The Governing Board shall nominate an Ethics Committee which shall be responsible for deciding and implementing the Code of Ethics for members of the Governing Board and for the Functionaries of the

Exchange in such manner as may be prescribed by the Governing Board and/or SEBI. The constitution of the Ethics Committee shall be as stipulated by SEBI.

#### **4. General Standards**

(a) Directors and Functionaries shall endeavour to promote greater awareness and understanding of ethical responsibilities.

(b) Directors and Functionaries, in the conduct of their business, shall observe high standards of commercial honour and just and equitable principles of trade.

(c) The conduct of Directors and Functionaries in business life should be exemplary such that it will set a standard for other trading members of the Exchange to follow.

(d) Directors and Functionaries shall not use their position to do or get favours from the executive or administrative staff of the Exchange, suppliers of the Exchange or any listed company at the Exchange.

(e) Directors and Functionaries shall not commit any act which will put the reputation of the Exchange in jeopardy.

(f) Directors, committee members and Functionaries of the Exchange shall comply with all rules and regulations applicable to the securities market.

#### **5. Prohibition on dealings in securities on proprietary account**

Directors on the Governing Board holding any office shall refrain from proprietary trades in securities, directly or indirectly, during the period of holding such office.

#### **6. Disclosure of dealings in securities by Functionaries**

(a) Functionaries of the Exchange shall disclose all their dealings, direct or indirect, in securities, for such amounts as may be specified by the Governing Board of the Exchange. The disclosure shall be made to the Ethics Committee within such intervals of time as stipulated by SEBI.

(b) The dealings in securities shall also be subject to trading restrictions for securities about which Functionaries in the Exchange may have non-public price sensitive information, Requirements laid down under SEBI (Insider Trading) Regulations, 1992 would have to be complied with for this purpose.

(c) All transactions must be of an investment nature and not speculative. Towards this end, all securities purchases must be held for a minimum period of 60 days before they are sold. However, in specific/exceptional circumstances, sale can be effected any time by obtaining prior clearance from the Compliance Officer to waive this

condition after recording in writing his satisfaction in this regard.

#### **7. Disclosure of dealings in securities by Directors**

Directors on the Governing Board shall disclose the following details to the Ethics Committee within such intervals of time as stipulated.

(a) Details of their proprietary trades, whether direct or indirect.

(b) Details of the trades conducted by firms/corporate entities in which they hold 20% or more beneficial interest or hold a controlling interest.

Directors who are Government of India Nominees, or Nominees of Government of India Statutory Bodies or Financial Institutions and who are governed by their own Codes and Public Interest Directors selected from the SEBI approved panel, shall be exempted from this requirement.

#### **8. Avoidance of Conflict of Interests**

No member of the Governing Board or member of any committee of the Exchange shall participate in any decision making/adjudication in respect of any person/matter in which he is in any way, directly or indirectly, connected or interested.

Decision as to whether there is any conflict of interests or not in a matter would be taken by the Governing Board of the Exchange.

#### **9. Disclosure of beneficial interest**

All Directors on the Governing Board and Functionaries shall disclose to the Governing Board of the Exchange, upon assuming office and during their tenure in office, whenever the following arises;

(a) any fiduciary relationship of self or family members and directorship/partnership of self or family members in any broking outfit,

(b) shareholding, in case where the shareholding of the member of the Governing Board, directly or through his family, exceeds 5% in any listed company on the Exchange or in other entities related to the capital markets,

(c) any other business interests.

#### **10. Non Interference**

(a) Directors on the Governing Board shall not have any role whatsoever and shall not interfere in the day-to-day functioning of the Exchange and shall limit their role to decision making on policy issues and issues as the Governing Board may decide.

(b) Directors on the Governing Board shall abstain from interfering with the employees of the Exchange in conducting their day-to-day activities and the assignments given by their superiors.

(c) Directors on the Governing Board shall not get

involved in the functions of appointment and promotion of employees unless specifically decided by the Governing Board.

#### **11. Access to Information**

(a) Directors on the Governing Board shall call for data/records limited to the purpose of decision making as members of specific committees or as may be authorised by the Governing Board.

(b) There shall be prescribed channels through which information shall move and further there shall be audit trail of the same. Any retrieval of confidential documents/information shall be properly recorded.

(c) All such information, especially which is non-public and price sensitive, shall be kept confidential and not be used for any personal consideration/gain.

(d) Any information relating to the business/operations of the Exchange, which may come to the knowledge of Directors on the Governing Board/Functionaries of the Exchange during performance of their duties shall be held in strict confidence and, shall not be divulged to any third party and shall not be used in any manner except for the performance of their duties.

#### **12. Misuse of Position**

Directors on the Governing Board/Committees shall not use their position in the organisation to obtain business or any pecuniary benefit (as intermediaries like brokers or in any other capacity like professionals or consultants) for themselves or family members.

#### **13. Procedures**

(a) The Ethics Committee shall lay down procedures for the implementation of the Code and prescribe reporting formats for the disclosures required under the Code.

(b) The Governing Board of the Exchange/Ethics Committee may designate a senior officer of the Exchange as Compliance Officer for ensuring the compliance of the requirements laid down by it.

By order of the Board of Directors,

(Sd.)

GOPIKA, P.,

*Manager-Legal & Compliance,*

For Cochin Stock Exchange Limited.